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Venezuela

Agricultural Situation

Food Prices Continue to Rise- Controlled or Not 2004

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Report Highlights:

The Venezuelan government announced another set of adjustments to its price control list for food effective April 15, 2004. This followed a smaller set of adjustments announced on February 9, 2004 and both sets of adjustments are attempts to realign prices following this year's devaluation of the Bolivar by 20 percent. Open market prices in some (but not all) cases are running above the price control level, and the 30 percent increase in the minimum wage effective May 1, 2004 is expected to fuel even more price hikes. Post first reported on the food price controls last August in VE3008, and the system continues to function in much the same manner. The problem of spot shortages of specific food products linked to the price controls has been reduced, but not eliminated.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Caracas [VE1]
[VE]

February Changes

The table at the end of this report details all of the changes in the price control list since its inception in February 2003. The changes in February 2004 mainly focused on dealing with impending shortages in the dairy sector. Pasteurized and UHT milk were removed from the price control list at that time, which allowed the higher open market prices to prevail. This helped eliminate spot shortages that had occurred in those products as producers had failed to supply product at prices they claimed were unprofitable. Powdered milk, the staple of lower income Venezuelans, remains on the price control list, and government imports have helped ensure that supplies of powdered milk remain on the shelves at least in the GOV stores, though shortages in supermarkets are reported.

Coffee prices were also increased in February since the shift in the relative exchange rates between Venezuela and Colombia had led to a reverse in the traditional flow of coffee between the two countries with more coffee now leaving Venezuela either through official export channels, or unofficially by land to Colombia. The price increase improved the situation for Venezuelan growers and roasters, but many in the sector believe it was not enough to prevent future coffee shortages. A further increase is under discussion.

Additional April Changes

April brought the long-awaited set of higher price controls for many products that had not seen a price increase since the establishment of the list in February 2003. Of particular importance were the new price levels set for basic products such as rice and wheat based items. And with Venezuelan farmers about to begin the main planting season for rice and corn, it was seen as an important time to review what the consumer product prices would be in order to signal the appropriate level for farm prices. The increase announced in the minimum wage on May 1 (Labor Day) offset some of the impact of these price increases.

Rice: Rice prices were increased for all of the different grades and packages, and prices are now around 60 percent higher than last February. No price controls have been put in place for enriched rice and increasingly it is easier to find the higher priced enriched rice in the supermarkets rather than the controlled product. Rice is a product that the government is providing through its Mercal distribution chain and government imports have helped to keep the price down.

Bread and Pasta: Bread and pasta control prices were increased this April in most cases for the first time, but price increases were relatively moderate, barely keeping up with the 20 percent devaluation. In general, the open market price for bread and pasta has not exceeded the control price, and product is usual available in the market. However, since virtually all wheat in Venezuela is imported, any significant increase in international wheat prices would need to be reflected in adjustments in the price controls in order to avoid shortages.

Corn: The main surprise was that there was no increase in the corn flour price, which had been raised, slightly in every previous revision of the price control list. Corn flour is a particularly sensitive product since it is used to make arepas, the corn tortilla that is the staple of lower-income Venezuelans. The corn flour price was initially set at Bs. 750 per kilo, and the current price of Bs. 1100 per kilo represents a 46 percent increase, somewhat below the average increase for all food products. But this increase tracks what happened with the farm-gate price for corn, which was set at Bs. 375 per kilo last spring, and most corn was purchased in the fall at Bs. 410 per kilo. The new proposed corn price is around Bs. 550 per kilo, roughly 46 percent higher than last spring's level. The key factor in this sector is the actual price that the new corn crop will be purchased at this fall.

Beef: One of the most controversial sectors recently has been beef. Beef control prices were finally increased from 30 to 50 percent depending upon the cut, but cattlemen say this is still not enough. They argue that the market sets their price, and that their costs have increased. However, cattle in Venezuela are mainly grass-fed, so the impact of the devaluation and increased import costs should be minimal in this sector. But herd size has been declining in recent years, and decreased supply could be driving up prices even in a market with weak consumer demand. Supermarkets have been put in a bind, since they have been forced to buy beef from the slaughterhouses at around the controlled price, which leaves them no room for expenses and profit. In many cases supermarkets have stopped selling beef cuts rather than sell at a loss. Recently the government announced a "truce" and is allowing supermarkets and other stores to sell beef at above the control price in order to get more product back in the market. Imported beef, particularly from Argentina, is expected but quantities are not expected to be large due to the limited cold-chain infrastructure for handling imported beef.

Chicken: The three remaining control prices for chicken (whole birds, leg quarters, and breast meat) were increased an additional 36 percent above their November prices. This was driven mainly by the fact that almost all poultry feed is imported, and producers claim that feed prices have increased 40 to 60 percent since last fall.

Pork and other meats: Pork prices have gone through the roof due to supply shortages in the country and a long-standing restriction on imports. Sales of pork at the controlled price are almost non-existent, though several items remained on the list. Several other meats including, turkey, smoked pork, goat and sheep meat, were eliminated from the price control list but none of these items are major elements of the Venezuelan diet and in many cases are viewed as luxury items.

The following table provides a basic comparison between the price control price and the market price in last February and recently for a set of basic products. Data is from government sources.

Product	Feb 03 Price Control	Feb 03 Open Market	April 04 Price Control	March 04 Open Market
Rice kg – 3% broken	940	1088	1470	1517
Corn Flour kg	750	889	1100	1092
Pasta 500 gr	900	838	1080	832
Bread kg	--	2118	3600	2693
Beef kg	5000	4519	7500	7474
Poultry meat kg	1800	2035	3130	3450
Pork kg	4000	4311	4000	7985
Pwd Milk kg	5000	6007	5750	5635
White Hard Cheese kg	4000	4542	5200	6500
Blended Oil lt	2300	2898	2600	2730
Black beans 500 gr	800	1229	960	823
Sugar kg	900	1051	1035	1005
Coffee 250 gr	750	976	1000	966
Sardines 170 gr	460	489	530	466

Price Controls from Gaceta Oficial notices

Open Market prices from INE monthly cesta basica prices

Venezuela's Price Control List

#	Product	Presentation	02/11/03	06/26/03	11/18/03	02/09/04	04/15/04
1	Rice, 1% broken grain	Kg	1,000	no change	1,100	no change	1,570
2	Rice, 2% broken grain	Kg	950	no change	1,045	no change	1,490
3	Rice, 3% broken grain	Kg	940	no change	1,030	no change	1,470
4	Rice, 5% broken grain	Kg	900	no change	990	no change	1,420
5	Rice, 5% broken grain	2 kg	-	1,750	1,925	no change	2,750
6	Rice, 5% broken grain	5 kg	-	4,325	4,810	no change	6,880
7	Rice, 10% broken grain	Kg	750	no change	850	no change	1,220
8	Rice, 25% broken grain	Kg	-	720	810	no change	1,160
9	Rice, 30% broken grain	Kg	-	700	790	no change	1,130
10	Oatmeal, pastic package	800 grs	2,250	no change	no change	no change	2,590
11	Oatmeal, bag	800 grs	1,800	no change	no change	no change	2,070
12	Oatmeal, plastic package	400 grs	1,240	no change	no change	no change	1,425
13	Oatmeal, bag	400 grs	965	no change	no change	no change	1,110
14	Corn flour	Kg	750	900	1,000	1,100	no change
15	Wheat flour	Kg	1,260	no change	no change	no change	1,510
16	Pasta	Kg	1,450	no change	no change	no change	1,740
17	Pasta	500 grs	900	no change	no change	no change	1,080
18	Pasta	250 grs	-	500	no change	no change	600
19	Wheat bread	Kg	2,100	no change	no change	no change	2,520
20	Bread, sandwich	1,250 grs	-	3,750	no change	no change	4,500
21	Bread, sandwhich	kg	-	3,000	no change	no change	3,600
22	Bread, sandwhich	800 grs	2,800	no change	no change	no change	3,360
23	Bread, sandwhich	700 grs	2,600	no change	no change	no change	3,120
24	Bread, sandwhich	650 grs	2,400	no change	no change	no change	2,880
25	Bread, sandwhich	500 grs	1,800	no change	no change	no change	2,160
26	Bread, sandwich	350 grs	-	1,270	no change	no change	1,520
27	Beef, 1st class	Kg	5,000	no change	no change	no change	7,500
28	Beef, 2nd class	Kg	4,000	no change	no change	no change	5,400
29	Beef, 3rd class	Kg	2,100	no change	no change	no change	2,730
30	Chicken, whole	Kg	1,800	2,000	2,300	no change	3,130
31	Chicken, breast	Kg	2,700	3,000	3,300	no change	4,490
32	Chicken, breast, boneless	Kg	4,150	eliminated	eliminated	eliminated	eliminated
33	Chicken, leg quarters	Kg	2,000	2,220	2,450	no change	3,330
34	Chicken, leg quarters, boneless	Kg	3,500	eliminated	eliminated	eliminated	eliminated
35	Hen, whole	Kg	2,000	2,220	2,555	no change	3,475
36	Turkey, meat, whole	Kg	4,800	no change	5,520	no change	eliminated
37	Turkey, breast	Kg	3,500	no change	4,000	no change	eliminated
38	Pork meat	Kg	4,000	no change	no change	no change	no change

39	Pork meat, boneless	Kg	5,000	no change	no change	no change	no change
40	Pork meat, ribs	Kg	4,000	no change	no change	no change	no change
41	Pork, smoked	Kg	6,800	no change	no change	no change	eliminated
42	Ovine, meat	Kg	3,000	no change	no change	no change	eliminated
43	Caprine, meat	Kg	3,000	no change	no change	no change	eliminated
44	Sardines, canned	425 grs	1,000	no change	no change	no change	1,150
45	Sardines, canned	400 grs	900	no change	no change	no change	1,035
46	Sardines, canned	354 grs	-	850	no change	no change	980
47	Sardines, canned	170 grs	460	no change	no change	no change	530
48	Sardines, canned	125 grs	400	no change	no change	no change	460
49	Sardines, fresh	Kg	700	no change	no change	no change	800
50	Sardines, fresh filet	Kg	1,200	no change	no change	no change	1,370
51	Tuna, canned, natural	400 grs	2,500	no change	no change	no change	3,425
52	Tuna, canned	354 grs	2,000	no change	no change	no change	2,740
53	Tuna, canned	184 grs	1,300	no change	no change	no change	1,780
54	Tuna, canned	170 grs	1,200	no change	no change	no change	1,645
55	Tuna, canned	140 grs	900	no change	no change	no change	1,230
56	Tuna, canned,desmenuzado	140 grs	-	-	-	-	950
57	Tuna, canned, with soy protein	140 grs	-	-	-	-	900
58	Tuna, fresh	Kg	3,400	no change	no change	no change	4,080
59	Tuna, fresh filet	Kg	6,000	no change	no change	no change	7,200
60	Tuna, fresh, loin	Kg	6,600	no change	no change	no change	7,920
61	Corn oil	Liter	2,800	no change	no change	3,160	no change
62	Sunflower oil	Liter	2,600	no change	no change	2,935	no change
63	Blended oil	2 liter	-	4,500	no change	5,085	no change
64	Blended oil	Liter	2,300	no change	no change	2,600	no change
65	Blended oil	500 cc	1,500	no change	no change	1,695	no change
66	Blended oil	250 cc	-	875	no change	990	no change
67	Jurel, fresh	Kg	2,500	no change	no change	no change	eliminated
68	Powdered Milk, can	Kg	5,700	no change	no change	no change	6,555
69	Powdered Milk, bag	Kg	5,000	no change	no change	no change	5,750
70	Powdered Milk, can	900 grs	5,500	no change	no change	no change	6,325
71	Powdered Milk, bag	900 grs	4,600	no change	no change	no change	5,290
72	Powdered Milk, bag	500 grs	2,500	no change	no change	no change	2,875
73	Powdered Milk, bag	125 grs	600	no change	no change	no change	690
74	Pasteurized Milk	1800 cc	1,900	no change	no change	eliminated	eliminated
75	Pasteurized Milk	900 cc	1,000	no change	no change	eliminated	eliminated
76	Pasteurized Milk	500 cc	600	no change	no change	eliminated	eliminated
77	Pasteurized Milk	400 cc	500	eliminated	no change	eliminated	eliminated
78	Pasteurized Milk	200 cc	350	no change	no change	eliminated	eliminated
79	Milk, UTH	Liter	1,300	no change	no change	eliminated	eliminated
80	Milk, UTH	900 cc	1,150	no change	no change	eliminated	eliminated

81	Milk, UTH	250 cc	-	375	no change	eliminated	eliminated
82	Infant formula	Kg	-	15,000	no change	no change	17,250
83	Infant formula	450 grs	6,800	no change	no change	no change	7,820
84	Infant formula	400 grs	6,200	no change	no change	no change	7,130
85	Soy Milk	400 grs	8,000	no change	no change	no change	9,200
86	Soy Milk	Kg	-	19,000	no change	no change	21,850
87	Cheese, white, hard	Kg	4,000	no change	no change	no change	5,200
88	Cheese, white, semi-hard	Kg	3,800	no change	no change	no change	4,940
89	Cheese, white, vacuum packed	Kg	6,500	no change	no change	7,735	6,500
90	Egg	unit	120	eliminated	eliminated	eliminated	eliminated
91	Eggs, small 49 grs	unit	-	110	no change	no change	140
92	Eggs, small 49 grs	12 units	-	1,320	no change	no change	1,795
93	Eggs, small 49 grs	15 units	-	1,650	no change	no change	2,245
94	Eggs, small, 49 grs	30 units	-	3,300	no change	no change	4,490
95	Eggs, small, 49 grs	360 units	-	39,600	no change	no change	53,855
96	Eggs, medium, 52.5 grs	unit	-	120	no change	no change	160
97	Eggs, medium, 52.5 grs	12 units	-	1,440	no change	no change	1,960
98	Eggs, medium, 52.5 grs	15 units	-	1,800	no change	no change	2,450
99	Eggs, medium, 52.5 grs	30 units	-	3,600	no change	no change	4,895
100	Eggs, medium, 52.5 grs	360 units	-	43,200	no change	no change	58,750
101	Eggs, big, 60.5 grs	unit	-	130	no change	no change	180
102	Eggs, big, 60.5 grs	12 units	-	1,560	no change	no change	2,120
103	Eggs, big, 60.5 grs	15 units	-	1,950	no change	no change	2,650
104	Eggs, big, 60.5 grs	30 units	-	3,900	no change	no change	5,300
105	Eggs, big, 60.5 grs	360 units	-	46,800	no change	no change	63,650
106	Eggs, extra big, 65 grs	unit	-	140	no change	no change	190
107	Eggs, extra big, 65 grs	12 units	-	1,680	no change	no change	2,285
108	Eggs, extra big, 65 grs	15 units	-	2,100	no change	no change	2,855
109	Eggs, extra big, 65 grs	30 units	-	4,200	no change	no change	5,710
110	Eggs, extra big, 65 grs	360 units	-	50,400	no change	no change	68,545
111	Margarine	5,000 grs	-	14,750	no change	no change	17,700
112	Margarine	10,000 grs	-	29,000	no change	no change	34,800
113	Margarine	kg	3,000	no change	no change	no change	3,600
114	Margarine	500 grs	1,700	no change	no change	no change	2,040
115	Margarine	400 grs	1,400	no change	no change	no change	1,680
116	Margarine	250 grs	900	no change	no change	no change	1,080
117	Margarine	200 grs	750	no change	no change	no change	900
118	Margarine	100 grs	350	no change	no change	400	420
119	Margarine	100 grs	-	-	-	400	no change
120	Peas	kg	1,000	no change	no change	no change	1,200
121	Peas	500 grs	600	no change	no change	no change	720
122	Lentils	kg	1,100	no change	no change	no change	1,320

123	Lentils	500 grs	700	no change	no change	no change	840
124	Black beans	kg	1,200	no change	no change	no change	1,440
125	Black beans	500 grs	800	no change	no change	no change	960
126	Refined Sugar	2 kg	1,700	no change	no change	no change	1,955
127	Refined Sugar	1 kg	900	no change	no change	no change	1,035
128	Refined Sugar	900 grs	800	no change	no change	no change	920
129	Refined Sugar	800 grs	-	700	no change	no change	805
130	Brown Sugar	kg	600	no change	no change	no change	690
131	Mayonnaise	3600 grs	-	15,100	no change	no change	18,120
132	Mayonnaise	3480 grs	-	14,400	no change	no change	17,280
133	Mayonnaise	910 grs	-	4,365	no change	no change	5,240
134	Mayonnaise	885 grs	-	4,245	no change	no change	5,095
135	Mayonnaise	370 grs	-	1,850	no change	no change	2,220
136	Mayonnaise	330 grs	-	1,700	no change	no change	2,040
137	Mayonnaise	225 grs	-	1,125	no change	no change	1,350
138	Mayonnaise	200 grs	-	1,050	no change	no change	1,260
139	Mayonnaise	500 grs	2,400	eliminated	eliminated	eliminated	eliminated
140	Mayonnaise	445 grs	2,200.00	no change	no change	no change	eliminated
141	Mayonnaise	175 grs	900	no change	no change	no change	1,080
142	Mayonnaise	45 grs	-	-	-	260	310
143	Tomato Sauce	4300 grs	-	11,000	no change	no change	13,200
144	Tomato Sauce	1000 grs	-	2,600	no change	no change	3,120
145	Tomato Sauce	900 grs	-	2,300	no change	no change	2,760
146	Tomato Sauce	567 grs	1,500	no change	no change	no change	1,800
147	Tomato Sauce	400 grs	-	1,010	no change	no change	1,210
148	Tomato Sauce	397 grs	1,000	no change	no change	no change	1,200
149	Tomato Sauce	198 grs	750	no change	no change	no change	900
150	Coffee, beans	kg	3,000	no change	no change	3,900	3,000
151	Coffee, beans	500 grs		1,600	no change	2,080	no change
152	Coffee, roasted, ground	500 grs	1,700	no change	no change	2,210	no change
153	Coffee, roasted, ground	250 grs	750	no change	no change	1,000	no change
154	Coffee, roasted, ground	200 grs	-	700	no change	930	no change
155	Coffee, roasted, ground	100 grs	400		no change	500	no change
156	Coffee, roasted, ground	50 grs	-	200	no change	250	no change
157	Bologna sausage, type A	kg	7,000	no change	no change	no change	no change
158	Bologna sausage, type B	kg	4,000	no change	no change	no change	no change
159	Bologna sausage, type C	kg	3,000	no change	no change	no change	no change
160	Salt, refined	kg	400	no change	no change	no change	no change
161	Salt, refined	500 grs	-	250	no change	no change	no change
162	Tomatoes	kg	1,000	eliminated	eliminated	eliminated	eliminated
163	Potatoes	kg	740	eliminated	eliminated	eliminated	eliminated

*Source: official Gazette, No. 37,629, dated February 11, 2003
and*

/ Official Gazette, No. 37,718, dated June 25, 2003*

/ Official Gazette, No. 37,820, dated November 18, 2003*

/ Official Gazette, No. 37,875, dated February 9, 2004*

/ Official Gazette, No. 37,918, dated April 15, 2004*

- = not in the list at this time

-in blue: eliminated as of 04/15/04

-in grey: eliminated before 04/15/04

-in yellow: new products incorporated to the list as of 04/15/04

-in green: new prices as of 04/15/04